

THE FOREST INDUSTRY SNAPSHOT: Ministry of Forests, Lands and Natural Resource Operations

April 2011



A Selection of Monthly Economic Statistics



Points of interest:

NBSK Prices

At the Neucel pulp mill in Port Alice, B.C., NBSK pulp is being reprocessed into dissolving sulphite pulp used in rayon production. High prices for dissolving sulphite pulp have now made it economical to reprocess the NBSK pulp, which exceeded \$1000 USD/tonne (in the 3rd week of April 2011) compared to an average of \$656 USD/tonne in 2009. Storms in 2010 that wiped out cotton crops in Pakistan and Australia are linked to this story, as rising cotton prices pushed up demand for rayon.

NBSK prices are expected to remain high in the near term.

(Source: Times Colonist; MFLNRO)

U.S. New-Home Sales

U.S. Commerce Department reported that sales of newly built, single-family homes rose 11.1% to 300,000 units (SAAR) in March 2011. The gain partially offsets a large decline that occurred in new-home sales in February, when activity hit a record low due partly to poor weather conditions.

(Source: National Association of Home Builders, Washington D.C.)

For further information please contact:

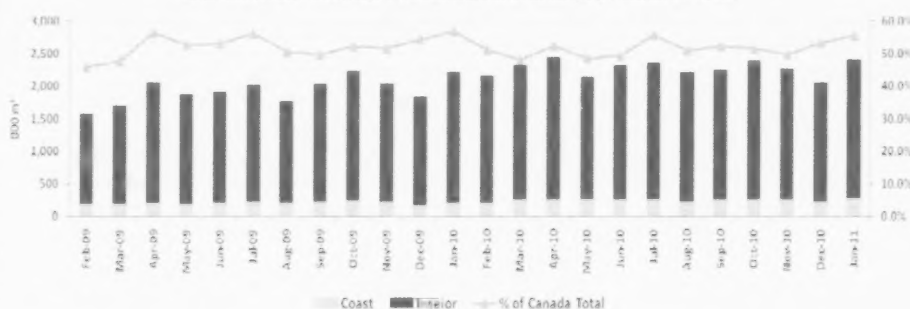
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SOFTWOOD LUMBER MARKET

U.S. Housing Starts* and SPF 2x4 Prices



B.C. Softwood Lumber Production and Shares of Canada Total



Data sources: Madison's, U.S. Census Bureau and Statistics Canada. * private-owned housing starts.

- U.S. privately-owned housing starts in March were at 549,000 SAAR. This is up 7.2% above the revised February estimate of 512,000, but is 13.4% below the March 2010 rate of 634,000. Single-family housing starts in March were at a rate of 422,000; this is up 7.7% M/M but down 21.1% Y/Y.
- Lumber prices increased slightly in March. SPF 2x4s averaged USD297 per 1000 bd ft, up 2.2% M/M and up 5.9% Y/Y. Lumber prices were lower in Canadian dollars (SPF 2x4s averaged CDN\$ 290 in March) due to the stronger Canadian dollar, with an average exchange rate of 0.9766 (CDN\$/USD) in March 2011.
- In January 2011, B.C. softwood lumber production totalled 2.4 million m³, up 17.5% M/M and up 7.2% Y/Y. Coast lumber production had the largest increase of 35.7% M/M and up 42.4% Y/Y.
- In February 2011, B.C. softwood lumber export value totalled \$293.5 million, up 10.8% M/M and up 10.4% Y/Y. B.C. softwood lumber export volume totalled 1.67 million m³, up 11.2% M/M and up 2.6% Y/Y. The top 3 destinations for softwood lumber exports were: U.S. (value: 43.1%; volume: 49.2%), China (value: 27.1%; volume: 31.0%) and Japan (value: 17.5%; volume: 11.2%).

Common Abbreviations:

YTD year to date
M/M % change from the previous to current month

Y/Y - % change from the same month in the previous year to the current year
SAAR Seasonally Adjusted Annual Rates
China - refers to China, including Hong Kong

HARVESTING

B.C. Crown Land Monthly Harvest Volume* and Stumpage



Data source: Harvest Billing System of Ministry of Forests, Lands and Natural Resource Operations.

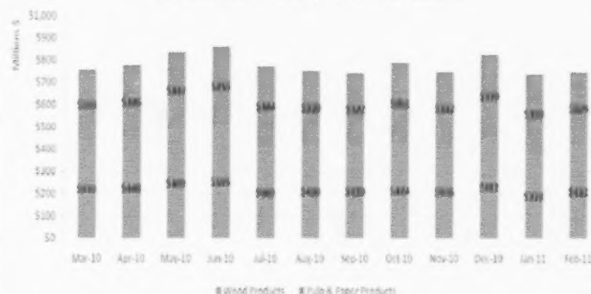
*Based on scale dates, all logs (BCTS & Major Licensees), special forest products, species and grades billed to crown land excluding waste, reject and Christmas trees. Data in recent months is subject to change.

COAST harvest volume for all land (including crown, private and federal) totalled **1.13 million m³** in Feb. 2011, **down 3.0%** from Feb. 2010. **Crown land** harvest volume totalled **0.71 million m³**, **down 16.2%** from Feb. 2010. Total **stumpage** collected was **\$3.6 million** in Feb. 2011, **down 28.0%** from Feb. 2010.

INTERIOR harvest volume for all land (including crown, private and federal) totalled **5.46 million m³** in Feb. 2011, **down 5.0%** from Feb. 2010. **Crown land** harvest volume totalled **5.39 million m³**, **down 4.2%** from Feb. 2010. Total **stumpage** collected was **\$21.3 million** in Feb. 2011, **down 7.2%** from Feb. 2010.

EXPORTS

B.C. Forest Products Export Value by Sector



Data source: BC Stats.

B.C. forest product exports totalled **\$746 million** in February 2011, up 1.2% M/M, up 9.3% Y/Y and up 14.8% YTD from 2010:

- **Wood product exports** totalled **\$422 million** in February, up 11.6% M/M, up 17.0% Y/Y and up 17.5% YTD from 2010.
- **Pulp & paper products** totalled **\$324 million** in February, down 9.7% M/M, up 0.8% Y/Y and up 11.7% YTD from 2010.
- **Shares by product** in February 2011: **Softwood Lumber (39.3%), Logs (6.2%), Other Wood Products (11.0%), Pulp (31.0%)** and **Other Pulp & Paper Products (12.5%)**.

Shares of B.C. Forest Products Export Value



In February 2011, the destination with the **largest share of B.C. forest products export value** was the **U.S. at 38.6%**, while **China** accounted for **33.7%**, **Japan** accounted for **11.1%** and other destinations accounted for **16.6%**.

- Exports to **China** totalled **\$251 million**, **up 74%** from Feb. 2010 and up **92.2%** YTD from 2010.
- Exports to **U.S.** totalled **\$288 million**, **down 12.9%** from Feb. 2010 and down **7.1%** YTD from 2010.
- Exports to **Japan** totalled **\$83 million**, **at the same level** as Feb. 2010 and up **0.4%** YTD from 2010.

DATA SUMMARY

Monthly Economic Statistics - April 2011

	Latest Month	Month Ago	M/M Change	Year Ago	Y/Y Change	Current YTD	Previous YTD	YTD/YTD Change	
Lumber Prices (USD/000 bd ft)									
SPF 2x4	Mar 11	\$297	\$291	2.2%	\$281	5.9%	\$300	\$267	12.4%
Random Lengths Lumber Composite	Mar 11	\$294	\$296	-0.7%	\$310	-5.3%	\$298	\$295	0.8%
SPF 2x10	Mar 11	\$323	\$336	-3.8%	\$342	-5.5%	\$335	\$339	-1.3%
SPF Stud	Mar 11	\$283	\$275	2.7%	\$289	-2.3%	\$277	\$276	0.6%
Cedar 2x4	Mar 11	\$650	\$650	0.0%	\$650	0.0%	\$650	\$650	0.0%
Hemlock Squares	Mar 11	\$790	\$785	0.6%	\$790	0.0%	\$787	\$777	1.3%
Panel Prices (USD/000 sq ft)									
Plywood	Mar 11	\$310	\$310	0.0%	\$328	-5.4%	\$309	\$317	-2.6%
OSB	Mar 11	\$203	\$203	0.0%	\$250	-18.8%	\$205	\$230	-11.0%
Pulp & Paper Prices (USD/tonne)									
NBSK Pulp	Mar 11	\$965	\$949	1.7%	\$876	10.1%	\$954	\$843	13.2%
Newsprint (U.S. Eastcoast)	Mar 11	\$628	\$627	0.2%	\$542	15.9%	\$627	\$533	17.7%
CAD/USD Exchange Rate									
	Mar 11	0.9766	0.9876	-1.1%	1.0230	-4.5%	0.9860	1.0409	-5.3%
Housing Starts (000 units)									
U.S. (Seasonally Adjusted Annual Rates)	Mar 11	549	512	7.2%	634	-13.4%	563	617	-8.8%
Canada	Mar 11	189	184	2.8%	198	-4.7%	181	198	-8.2%
Japan (Wood-based)	Jan 11	36	44	-18.0%	35	3.2%	36	35	3.2%
B.C. Lumber Production (000 m³)									
Coast	Jan 11	2,412	2,053	17.5%	2,249	7.2%	2,412	2,249	7.2%
Interior	Jan 11	286	211	35.7%	201	42.4%	286	201	42.4%
	Jan 11	2,125	1,842	15.4%	1,994	6.6%	2,125	1,994	6.6%
B.C. Market Pulp Shipments (000 tonne)									
	Feb 11	337	392	-14.0%	351	-4.0%	729	683	6.7%
B.C. Forest Products Exports (million \$)									
Wood Products	Feb 11	\$746	\$737	1.2%	\$682	9.3%	\$1,483	\$1,292	14.8%
Pulp & Paper products	Feb 11	\$422	\$378	11.6%	\$360	17.0%	\$799	\$680	17.5%
	Feb 11	\$324	\$359	-9.7%	\$322	0.8%	\$683	\$612	11.7%
Shares of B.C. Forest Products Exports Value (%)									
U.S.	Feb 11	38.6%	39.4%	-1.9%	48.5%	-20.3%	39.0%	48.2%	-19.1%
China + Hong Kong	Feb 11	33.7%	31.1%	8.5%	21.2%	57.2%	32.4%	19.4%	67.4%
Japan	Feb 11	11.1%	10.7%	3.8%	12.1%	-8.5%	10.9%	12.4%	-12.5%
Other	Feb 11	16.6%	18.9%	-12.1%	18.3%	-9.1%	17.7%	20.0%	-11.4%
Market Shares of U.S. Lumber Consumption (%)									
B.C.	Jan 11	13.3%	14.6%	-8.8%	15.5%	-14.0%	13.3%	15.5%	-14.0%
Rest of Canada	Jan 11	11.4%	11.9%	-4.7%	9.4%	20.4%	11.4%	9.4%	20.4%
U.S.	Jan 11	75.3%	73.5%	2.5%	75.1%	0.3%	75.3%	75.1%	0.3%
3rd Country	Jan 11	1.6%	1.3%	21.7%	1.4%	16.5%	1.6%	1.4%	16.5%
B.C. Crown Land Scaled Volume** (000 m³)									
Coast	Feb 11	6,099	6,425	-5.1%	6,473	-5.8%	12,524	12,700	-1.4%
Interior	Feb 11	711	637	11.7%	848	-16.2%	1,348	1,510	-10.7%
	Feb 11	5,388	5,789	-6.9%	5,625	-4.2%	11,176	11,190	-0.1%
B.C. Stumpage (million \$)									
Coast	Feb 11	\$24.9	\$25.2	-1.1%	\$28.0	-10.9%	\$50.1	\$54.8	-8.7%
Interior	Feb 11	\$3.6	\$4.2	-14.9%	\$5.0	-28.0%	\$7.9	\$8.7	-10.0%
	Feb 11	\$21.3	\$20.9	1.7%	\$22.9	-7.2%	\$42.2	\$46.1	-8.4%
B.C. Forestry Employment (LFS) (000 jobs)									
Forestry & Logging	Mar 11	52.3	54.4	-3.9%	55.1	-5.1%	52.3	53.3	-1.9%
Wood Products	Mar 11	12.0	11.8	1.7%	16.5	-27.3%	11.5	15.9	-27.7%
Paper Products	Mar 11	29.1	33.3	-12.6%	28.5	2.1%	30.5	27.9	9.2%
	Mar 11	11.2	9.3	20.4%	10.1	10.9%	10.3	9.5	8.8%
B.C. Log Exports									
Volume (000 m³)	Feb 11	570	316	80.5%	209	173.2%	886	604	46.6%
Value (million \$)	Feb 11	\$46.4	\$29.6	56.7%	\$15.1	206.8%	\$76.1	\$48.4	57.3%

* based on calendar year, change % from the same year-to-date period of the previous year to the year-to-date of current year.

** Preliminary data and subject to change.